

STAFF REPORT

Meeting Date: December 4, 2002

- PROPOSAL:** LAFCO 02-10 Consolidation of Russell Valley Municipal Water District and Calleguas Municipal Water District
- PURPOSE:** To consolidate Russell Valley Municipal Water District and Calleguas Municipal Water District with Calleguas Municipal Water District to continue as the surviving District to provide services now performed by Russell Valley Municipal Water District.
- PROPONENT:** Russell Valley Municipal Water District, by resolution
Calleguas Municipal Water District, by resolution
- SIZE:** Russell Valley Municipal Water District is approximately 8,024 acres in area
- LOCATION:** Russell Valley Municipal Water District serves the Westlake portion of the City of Thousand Oaks and is entirely within the boundaries of the City of Thousand Oaks and Calleguas Municipal Water District.
- ASSESSOR'S PARCEL NO.:** There are 7,024 different Assessor Parcels within Russell Valley Municipal Water District.
- NOTICE:** This matter has been noticed as a public hearing as required by law. Due to the number of property owners and registered voters involved, public notice was provided via a newspaper display advertisement, a newspaper legal notice, and posting at the County Government Center and on the Ventura LAFCO web site.

RECOMMENDATION:

Adopt the attached resolution (LAFCO 02-10) making determinations and approving the consolidation of Russell Valley Municipal Water District into the Calleguas Municipal Water District.

COMMISSIONERS AND STAFF

COUNTY Steve Bennett, Chair Kathy Long <i>Alternate:</i> Judy Mikels	CITY <i>Vacant</i> John Zaragoza <i>Alternate:</i> Evaristo Barajas	SPECIAL DISTRICT Jack Curtis John Rush <i>Alternate:</i> Dick Richardson	PUBLIC Louis Cunningham, Vice Chair <i>Alternate:</i> Kenneth M. Hess
EXECUTIVE OFFICER Everett Millais	PLANNER III Hollie Brunsky	CLERK Debbie Schubert	LEGAL COUNSEL Noel Klebaum

BACKGROUND AND JUSTIFICATION:

Russell Valley Municipal Water District was formed in May 1960 and authorized to acquire, distribute and store water. The application information submitted states that the Russell Valley Municipal Water District was formed as a defensive agency to preclude premature annexation to Calleguas Municipal Water District. This issue is now moot, as all of the area in Russell Valley has been annexed to Calleguas.

Another purpose for the formation of Russell Valley Municipal Water District was to provide for the sale of bonds to finance capital purchases and infrastructure. The District did such debt financing, but within the last two years the District has sold its assets to California Water Services Company, a private water company regulated by the Public Utilities Commission, and has retired all outstanding bonds and other indebtedness.

The current circumstance is that the District purchases water from one provider, Calleguas Municipal Water District, and sells the water to one customer, California Water Service Company. Since Calleguas Municipal Water District can, and does, now sell water directly to California Water Service Company, and since Russell Valley Municipal Water District no longer has any assets or indebtedness, the need to continue the Russell Valley Municipal Water District no longer exists. Accordingly, the Board of Directors of the Russell Valley Municipal Water District and Calleguas Municipal Water District have each unanimously adopted resolutions applying to LAFCO for consolidation of the Districts for the purpose of governmental efficiency.

CONSOLIDATION PROCESS:

Government Code §56030 defines a consolidation as follows:

“‘Consolidation’ means the uniting or joining of two or more cities located in the same county into a single new successor city or two or more districts into a single new successor district. In the case of consolidation of special districts, all of those districts shall have been formed pursuant to the same principal act.”

This proposal meets the definition of a consolidation in that both Russell Valley Municipal Water District and Calleguas Municipal Water District were formed under the Municipal Water District Act, 1911 Water Code, and the resolutions of both districts provide for Calleguas Municipal Water District to be the surviving, successor district.

Upon the filing of an application for a consolidation (and for certain other types of actions) various provisions of Revenue and Taxation Code §99 are applicable, including the requirement that upon a filing, but prior to the issuance of a certificate of filing, the executive officer notify the Auditor and the Assessor. The Assessor is

required to provide the Auditor with a report identifying the assessed valuations for the territory involved and the tax rates. The Auditor, upon receipt of the Assessor information, is required to estimate the amount of property tax revenue generated within the territory involved, estimate the proportion of the property tax revenue attributable to each local agency, and notify the governing bodies of each agency whose service area will be altered and the Board of Supervisors. Notably, Revenue and Taxation Code §99 requires the Board of Supervisors to “negotiate and exchange of property tax revenues” on behalf of special districts and specifies that the executive officer shall not issue a certificate of filing until presented with a resolution whereby the County agrees to accept the exchange of property tax revenue.

While to date the Assessor and Auditor have complied with the requirements of Revenue and Taxation Code §99, the Board of Supervisors has yet to adopt a resolution agreeing to accept the exchange of property tax revenues. Thus, since June, the Commission has continued this proposal and **no certificate of filing has yet been issued**. Staff has been informed that action by the Board of Supervisors pursuant to Revenue and Taxation Code §99 is scheduled for November 26. In an effort to expedite the process, this report has been prepared and the proposal is being scheduled in anticipation of action by the Board of Supervisors on November 26. **Assuming the Board of Supervisors takes action on November 26 staff will have the pertinent information available to the Commission on December 4 and the Commission can take action. If, however, the Board of Supervisors does not take action prior to December 4, the Commission can take no action on this proposal and the matter will need to be continued to the meeting of January 15, 2003.**

Once an application is accepted and a certificate of filing is issued various sections of Cortese-Knox-Hertzberg control the consolidation process. Government Code sections 56853, 56886 and 57081 are the most pertinent and are attached for reference. In this instance, since the Board of Directors of both Russell Valley Municipal Water District and Calleguas Municipal Water District unanimously adopted substantially similar resolutions of application for the consolidation, **the Commission must approve or conditionally approved the proposal** (§56853). The Commission can, however, make the proposal subject to certain terms and conditions provided they do not directly regulate land use, property development or subdivision requirements (§56886). Within 30 days of the approval or conditional approval protest proceedings in the form of a noticed public hearing must be held. After the protest hearing the commission must order the consolidation to be completed without an election unless, prior to the end of the protest hearing, a petition is submitted signed by at least 25% of the landowners who own at least 25% of the assessed value of land within the territory subject to the consolidation, or signed by at least 25% of the registered voters within the territory subject to the consolidation. (§57081) Because this proposal is to consolidate Russell Valley Municipal Water District into Calleguas Municipal Water District, and because all of the Russell Valley Municipal Water District territory is already within Calleguas

Municipal Water District, the 25% requirement applies to all of the territory in Calleguas Municipal Water District.

TERMS AND CONDITIONS:

As noted, while the Commission must approve or conditionally approve this proposal, it does have the ability to set terms and conditions. Based on the resolutions of application, both Russell Valley Municipal Water District and Calleguas Municipal Water District desire Calleguas Municipal Water District to be the sole successor agency. Therefore, the effect of this proposal will be that Russell Valley Municipal Water District will cease to exist (i.e. like a dissolution).

In order to comply with the intent of both agencies and to ensure that there is no ambiguity about the Commission's approval of this consolidation, various terms and conditions are recommended in the attached resolution specifying that the successor agency resulting from this consolidation is Calleguas Municipal Water District in its current form (i.e. Board make up, etc.), and that Calleguas will be responsible for any indebtedness of Russell Valley Municipal Water District and will receive all assets, and be responsible for any employees, of Russell Valley Municipal Water District.

GENERAL ANALYSIS:

1. Land Use and Development:

There will be no change to any land use, general plan or zoning resulting from this proposal.

2. Impact on Prime Agricultural Land, Open Space and Agriculture:

There will be no impact on any agricultural or open space lands resulting from this proposal.

3. Population:

The territory involved in this proposal contains more than 12 registered voters and, therefore, is considered inhabited under Cortese-Knox-Hertzberg. This has a bearing on the conduct of protest proceedings, but the consolidation proposal itself will have no impact on population.

4. Services and Controls – Need, Cost, Adequacy and Availability:

This proposal is for the purpose of more efficient governmental organization. There will be no impact on the need, cost, adequacy or availability of services and controls resulting from this consolidation.

5. Boundaries and Lines of Assessment:

The boundaries are definite and certain. There are no conflicts with lines of assessment or ownership.

6. Assessed Value, Tax Rates and Indebtedness:

The proposal takes in 71 different tax rate areas. Upon completion of the consolidation all references to Russell Valley Municipal Water District will be removed from each of the tax rate areas, but there will be no change to the tax rate.

The total assessed value of all parcels in Russell Valley Municipal Water District per the 2001-2002 tax roll is \$3,270,292,341.

7. Environmental Impact of the Proposal:

Russell Valley Municipal Water District, as lead agency, has determined that the proposal is Categorically Exempt under Class 20 (b) of the California Environmental Quality Act guidelines (changes to organization of local agencies; consolidation of two or more districts having identical powers).

8. Regional Housing Needs:

This proposal has no impact on regional housing needs.

SPECIAL ANALYSIS:

The Commission has delegated conducting authority functions and responsibilities to the Executive Officer. This means that the Executive Officer will notice and hold the protest hearing within 30 days of the approval by the Commission as required by Government Code §57081. In order to expedite proceedings further, the recommended resolution of approval contains language ordering the consolidation and authorizing the Executive Officer to complete proceedings unless there is sufficient protest to cause an election.

ALTERNATIVE ACTIONS AVAILABLE:

- A. If the Commission, following public testimony and the review of the materials submitted, determines that further information is necessary, a motion to continue the proposals should state specifically the type of information desired and specify a date certain for further consideration.
- B. If the Commission, following public testimony and review of materials submitted with this application wishes to modify this application, a motion detailing the modifications should also include adoption of this Report and all referenced materials as part of the public record.

BY: _____
Everett Millais, Executive Officer

Attachments: (1) Vicinity maps for Russell Valley Municipal Water District and Calleguas
Municipal Water District
(2) LAFCO 02-10 Resolution
(3) Government Code Sections 56853, 56866 & 57081

02-10

City of Thousand Oaks

Ventura County

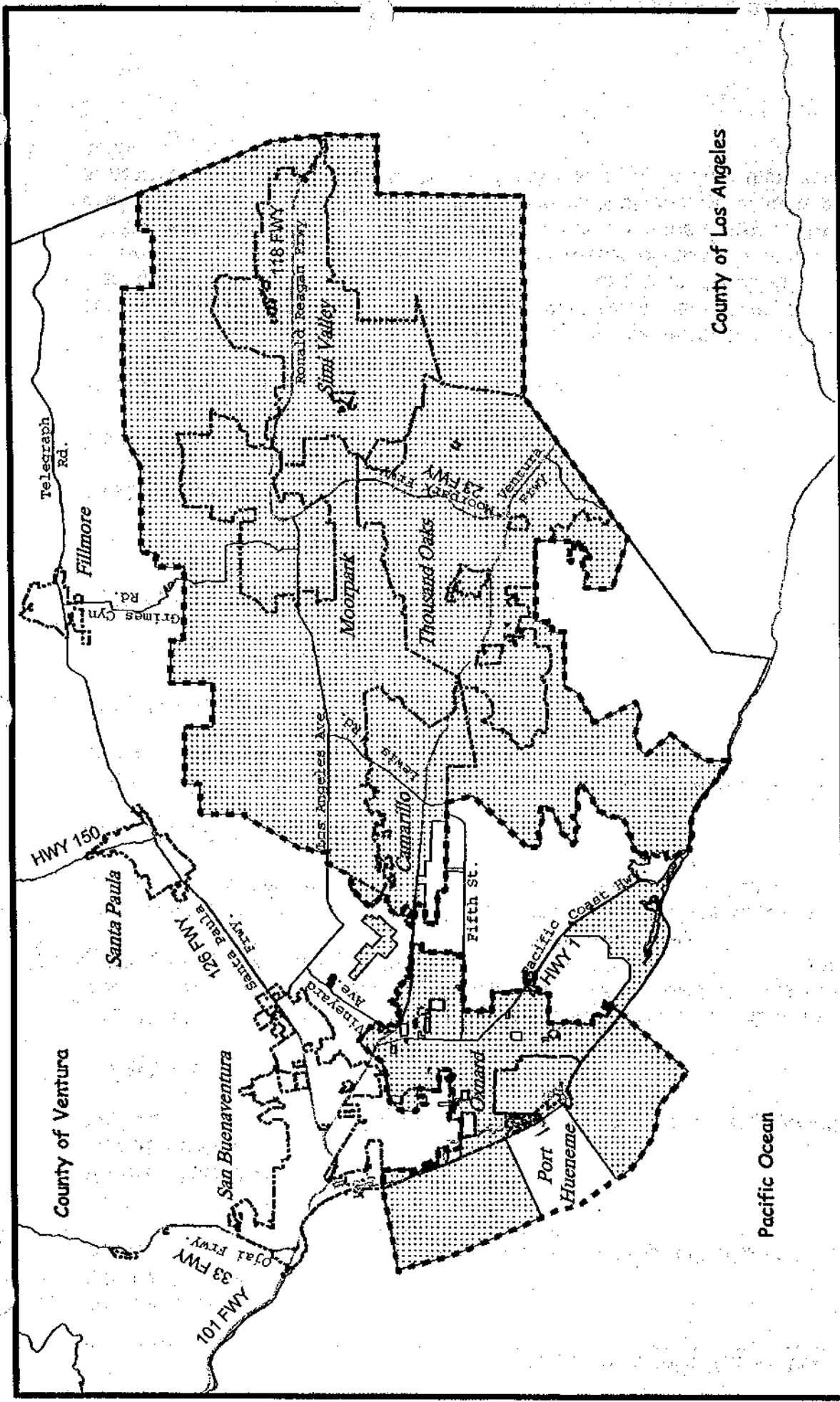
Los Angeles County

-  Russell Valley Municipal Water District
-  Calleguas Municipal Water District



1 0 1 2 Miles





Calleguas Municipal Water District

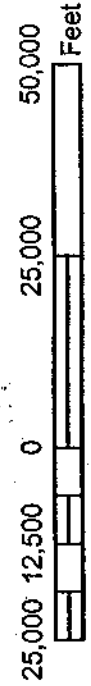
Prepared by PWA - Mapping Division

Warning: This map was created by the Ventura County Computer-Aided Mapping System (CAMS), which is designed and operated solely for the convenience of the county and related public agencies. The county does not warrant the accuracy of this map and no decision involving a risk of economic loss or physical injury should be made in relation thereto.



Legend

- District Boundary
- District Sphere
- City Boundary



LAFCO 02-10
RESOLUTION OF THE VENTURA LOCAL AGENCY
FORMATION COMMISSION MAKING DETERMINATIONS
AND APPROVING THE CONSOLIDATION OF THE
RUSSELL VALLEY MUNICIPAL WATER DISTRICT INTO
THE CALLEGUAS MUNICIPAL WATER DISTRICT

WHEREAS, the Boards of Directors of each of the above-referenced Municipal Water Districts have, by unanimous vote, adopted similar resolutions of application to initiate proceedings for the consolidation of said Districts; and

WHEREAS, at the times and in the manner required by law, the Executive Officer gave notice of the public hearing by the Local Agency Formation Commission on the proposal; and

WHEREAS, the public hearing was continued to December 4, 2002, when the proposal was duly considered by the Commission; and

WHEREAS, the Commission heard, discussed and considered all oral and written testimony for and against the proposal including, but not limited to, the Executive Officer's report and recommendation; and

WHEREAS, the resolutions of application provide that Calleguas Municipal Water District is to continue as the surviving District to provide services now performed by Russell Valley Municipal Water District; and

WHEREAS, the reason for the proposed consolidation is to provide for increased governmental efficiency in that the purposes for which the Russell Valley Municipal Water District was formed are no longer applicable, and

WHEREAS, the Local Agency Formation Commission finds the proposal to be in the best interest of the Districts to be consolidated and the organization of local governmental agencies within Ventura County;

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the Ventura Local Agency Formation Commission as follows:

- (1) Said consolidation is hereby approved subject to the terms and conditions set forth in Exhibit A, attached hereto and made a part hereof.
- (2) The Executive Officer's Staff Report and recommendation for approval of the proposal dated December 4, 2002 is adopted.

- (3) Each of the Districts to be consolidated is inhabited and the boundaries of the affected Districts are found to be definite and certain.
- (4) The subject proposal is assigned the following distinctive short form designation:

(5)

**CONSOLIDATION OF THE RUSSELL VALLEY
MUNICIPAL WATER DISTRICT INTO THE
CALLEGUAS MUNICIPAL WATER DISTRICT**

- (5) The Commission adopts the lead agency's determination that the proposal is Categorically Exempt under Class 20(b) of the California Environmental Quality Act (CEQA) guidelines and directs staff to file a Notice of Exemption as required by CEQA.
- (6) The Executive Officer is hereby directed to conduct protest proceedings in accordance with Government Code §57081(a).
- (7) The Commission hereby delegates to the Executive Officer the authority to determine the amount of the protest pursuant to Government Code §57081(b) and to complete the consolidation without an election if the amount of the protest is insufficient to require an election.

This resolution was adopted on December 4, 2002.

AYES:

NOES:

ABSTAINS:

Dated: _____

Chair, Ventura Local Agency Formation Commission

Copies: Russell Valley Municipal Water District
Calleguas Municipal Water District
County Clerk and Recorder
County Surveyor

County Assessor
County Auditor/Controller
County Elections
County Planning

Exhibit A

Terms and Conditions for LAFCO 02-10

1. The name of the consolidated district shall be "Calleguas Municipal Water District."
2. The effective date of the consolidation shall be the date of recordation of the Local Agency Formation Commission's resolution of approval with the County Recorder.
3. The Board of Directors of the consolidated district shall be the Board of Directors of Calleguas Municipal Water District and shall be selected, and shall serve for such terms, as specified in the principal act and by-laws governing Calleguas Municipal Water District.
4. Calleguas Municipal Water District shall succeed to all of the powers, rights, duties, obligations, liabilities, functions and properties of Russell Valley Municipal Water District. The territory of Russell Valley Municipal Water District, all inhabitants within such territory and all persons entitled to vote by reason of residing within such territory shall be subject to the jurisdiction of Calleguas Municipal Water District.
5. No payment is required of Calleguas Municipal Water District for the acquisition, transfer, use or right of use of any real or personal property acquired or constructed by Russell Valley Municipal Water District.
6. All water rights and rights of use in any public improvements or facilities or any other property, real or personal, of Russell Valley Municipal Water District shall be provided with equal priority throughout the entire territory of Calleguas Municipal Water District.
7. Any employees of Russell Valley Municipal Water District shall be transferred to Calleguas Municipal Water District, subject to the personnel needs of Calleguas Municipal Water District. All existing employee contracts, civil service rights, seniority rights, retirement rights and other employee benefits and rights shall remain unaffected by this consolidation, subject to the personnel practices of Calleguas Municipal Water District.

**CALIFORNIA GOVERNMENT CODE SECTIONS 56853, 56886 & 57081 RELATING
TO CONSOLIDATIONS**

56853. (a) If a majority of the members of each of the legislative bodies of two or more local agencies adopt substantially similar resolutions of application making proposals either for the consolidation of districts or for the reorganization of all or any part of the districts into a single local agency, the commission shall approve, or conditionally approve, the proposal. The commission shall order the consolidation or reorganization without an election, except as otherwise provided in subdivision (b) of Section 57081.

(b) Except as provided in subdivision (d), a commission may order any material change in the provisions or the terms and conditions of the consolidation or reorganization, as set forth in the proposals of the local agencies. The commission shall direct the executive officer to give each subject agency mailed notice of any change prior to ordering a change. The commission shall not, without the written consent of all subject agencies, take any further action on the consolidation or reorganization for 30 days following that mailing. Upon written demand by any subject agency, filed with the executive officer during that 30-day period, the commission shall make determinations upon the proposals only after notice and hearing on the proposals. If no written demand is filed, the commission may make those determinations without notice and hearing. The application of any provision of this subdivision may be waived by consent of all of the subject agencies.

(c) Where the commission has initiated a change of organization or reorganization affecting more than one special district, the commission may utilize and is encouraged to utilize a reorganization committee to review the proposal.

(d) The commission shall not order a material change in the provisions of a consolidation or reorganization, as set forth in the proposals of the local agencies pursuant to subdivision (a), that would add or delete districts without the written consent of the applicant local agencies.

56886. Any change of organization or reorganization may provide for, or be made subject to one or more of, the following terms and conditions. However, none of the following terms and conditions shall directly regulate land use, property development, or subdivision requirements:

(a) The payment of a fixed or determinable amount of money, either as a lump sum or in installments, for the acquisition, transfer, use or right of use of all or any part of the existing property, real or personal, of any city, county, or district.

(b) The levying or fixing and the collection of any of the following, for the purpose of providing for any payment required pursuant to subdivision (a): (1) Special, extraordinary, or additional taxes or assessments. (2) Special, extraordinary, or additional service charges, rentals, or rates. (3) Both taxes or assessments and service charges, rentals, or rates.

(c) The imposition, exemption, transfer, division, or apportionment, as among any affected cities, affected counties, affected districts, and affected territory of liability for payment of all or any part of principal, interest, and any other amounts which shall become due on account of all or any part of any outstanding or then authorized but thereafter issued bonds, including revenue bonds, or other contracts or obligations of any city, county, district, or any improvement district within a local agency, and the levying or fixing and the collection of any (1) taxes or assessments, or (2) service charges, rentals, or rates, or (3) both taxes or assessments and service charges, rentals, or rates, in the same manner as provided in the original authorization of the bonds and in the amount necessary to provide for that payment.

(d) If, as a result of any term or condition made pursuant to subdivision (c), the liability of any affected city, affected county, or affected district for payment of the principal of any bonded indebtedness is increased or decreased, the term and condition may specify the amount, if any, of that increase or decrease which shall be included in, or excluded from, the outstanding bonded indebtedness of that entity for the purpose of the application of any statute or charter provision imposing a limitation upon the principal amount of outstanding bonded indebtedness of the entity.

(e) The formation of a new improvement district or districts or the annexation or detachment of territory to, or from, any existing improvement district or districts.

(f) The incurring of new indebtedness or liability by, or on behalf of, all or any part of any local agency, including territory being annexed to any local agency, or of any existing or proposed new improvement district within that local agency. The new indebtedness may be the obligation solely of territory to be annexed if the local agency has the authority to establish zones for incurring indebtedness. The indebtedness or liability shall be incurred substantially in accordance with the laws otherwise applicable to the local agency.

(g) The issuance and sale of any bonds, including authorized but unissued bonds of a local agency, either by that local agency or by a local agency designated as the successor to any local agency which is extinguished as a result of any change of organization or reorganization.

(h) The acquisition, improvement, disposition, sale, transfer, or division of any property, real or personal.

(i) The disposition, transfer, or division of any moneys or funds, including cash on hand and moneys due but uncollected, and any other obligations.

(j) The fixing and establishment of priorities of use, or right of use, of water, or capacity rights in any public improvements or facilities or any other property, real or personal. However, none of the terms and conditions ordered pursuant to this subdivision shall modify priorities of use, or right of use, to water, or capacity rights in any public

improvements or facilities that have been fixed and established by a court or an order of the State Water Resources Control Board.

(k) The establishment, continuation, or termination of any office, department, or board, or the transfer, combining, consolidation, or separation of any offices, departments, or boards, or any of the functions of those offices, departments, or boards, if, and to the extent that, any of those matters is authorized by the principal act.

(l) The employment, transfer, or discharge of employees, the continuation, modification, or termination of existing employment contracts, civil service rights, seniority rights, retirement rights, and other employee benefits and rights.

(m) The designation of a city, county, or district, as the successor to any local agency which is extinguished as a result of any change of organization or reorganization, for the purpose of succeeding to all of the rights, duties, and obligations of the extinguished local agency with respect to enforcement, performance, or payment of any outstanding bonds, including revenue bonds, or other contracts and obligations of the extinguished local agency.

(n) The designation of (1) the method for the selection of members of the legislative body of a district or (2) the number of those members, or (3) both, where the proceedings are for a consolidation, or a reorganization providing for a consolidation or formation of a new district and the principal act provides for alternative methods of that selection or for varying numbers of those members, or both.

(o) The initiation, conduct, or completion of proceedings on a proposal made under, and pursuant to, this division.

(p) The fixing of the effective date of any change of organization, subject to the limitations of Section 57202.

(q) Any terms and conditions authorized or required by the principal act with respect to any change of organization.

(r) The continuation or provision of any service provided at that time, or previously authorized to be provided by an official act of the local agency.

(s) The levying of assessments, including the imposition of a fee pursuant to Section 50029 or 66484.3 or the approval by the voters of general or special taxes. For the purposes of this section, imposition of a fee as a condition of the issuance of a building permit does not constitute direct regulation of land use, property development, or subdivision requirements.

(t) The extension or continuation of any previously authorized charge, fee, assessment, or tax by the local agency or a successor local agency in the affected territory.

(u) The transfer of authority and responsibility among any affected cities, affected counties, and affected districts for the administration of special tax and special assessment districts, including, but not limited to, the levying and collecting of special taxes and special assessments, including the determination of the annual special tax rate within authorized limits; the management of redemption, reserve, special reserve, and construction funds; the issuance of bonds which are authorized but not yet issued at the time of the transfer, including not yet issued portions or phases of bonds which are authorized; supervision of construction paid for with bond or special tax or assessment proceeds; administration of agreements to acquire public facilities and reimburse advances made to the district; and all other rights and responsibilities with respect to the levies, bonds, funds, and use of proceeds that would have applied to the local agency that created the special tax or special assessment district.

(v) Any other matters necessary or incidental to any of the terms and conditions specified in this section.

57081. (a) If authorized by the commission pursuant to Section 56853, the protest proceedings shall be conducted for the consolidation of districts or the reorganization of all or any part of those districts into a single local agency pursuant to this section. The commission shall hold at least one noticed public hearing on the proposal within 30 days after approval of the application by the commission. After the conclusion of the hearing, the commission shall order the consolidation or reorganization without an election, except as otherwise provided in subdivision (b).

(b) An election shall only be held if the commission finds either of the following:

(1) In the case of inhabited territory, that a petition requesting that the proposal be submitted to confirmation by the voters has been signed by either of the following:

(A) At least 25 percent of the number of landowners within the territory subject to the consolidation or reorganization who own at least 25 percent of the assessed value of land within the territory. (B) At least 25 percent of the voters entitled to vote as a result of residing within, or owning land within, the territory.

(2) In the case of a landowner-voter district, that the territory is uninhabited and a petition requesting that the proposal be submitted to confirmation by the voters has been signed by at least 25 percent of the number of landowners within the territory subject to the consolidation or reorganization, owning at least 25 percent of the assessed value of land within the territory.

(c) The petition shall be filed with the commission prior to the conclusion of the protest hearing.